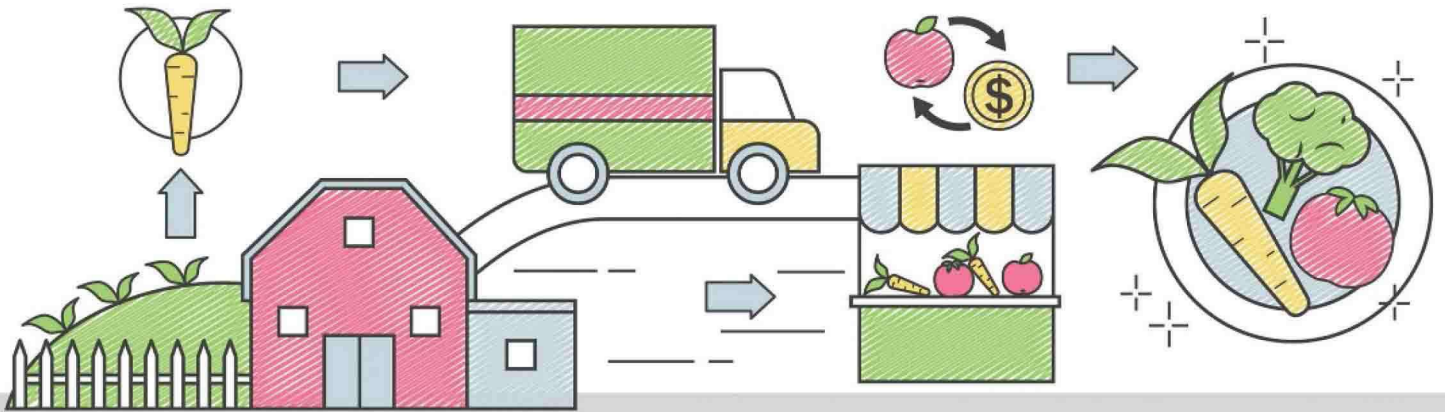


Planning for Success

New technology helps retailers manage the complexities of farm-to-fork logistics.

By Jenny McTaggart



Even in the Digital Age, getting food from a farm to a customer's fork is as relevant as ever — but the task has become far more complicated than many in the industry could have predicted, thanks in large part to logistical challenges that range from unpredictable traffic to ultra-perishable fruit.

The onus is now on retailers and their supply chain partners to come up with smart, cost-effective and dependable solutions to keep them at the front, or at least near the head of, the retailing pack.

So far, one of the logistical front-runners in the race is Amazon, which recently formalized its commitment to gain ground in the grocery business by bidding for the country's largest natural food retailer, Austin, Texas-based Whole Foods Market.

Ironically, it's technology, which Seattle-based Amazon certainly knows a thing or two about, that may be the most coveted tool to sharpen retailers' logistical know-how as they step up their competitive games.

Thomas Gravelle, director of logistics, transportation and customer

service for Austin, Minn.-based Hormel Foods, says technology has certainly been a game-changer during his 37 years at the 125-year-old company. "The biggest change I've seen is a more varied item offering, with many more choices and flavors for the consumer," he notes. "This has made things more challenging for our logistics team members, but we've been able to execute the logistics functions for food products effectively within the environment of increased complexity, due to greater use of technology."

Hormel is also relying on smarter partnerships with its retailer partners, he notes, pointing to its participation in backhaul programs as just one example.

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—William Salter,
Paragon Software
Systems



Asda's on the Right Route

Of the many types of logistics-related technology to shape the industry, transportation-related solutions such as route optimization software are helping companies better navigate farm-to-fork delivery. According to William Salter, CEO and president of Dallas-based Paragon Software Systems, his company's retail customers, including Asda and Stewart's Shops, are seeing some advantages to using



Logistics of Local

By Katie Martin

routing and scheduling technology.

Deploying Paragon as a strategic planning tool, Walmart-owned U.K. supermarket chain Asda, based in Leeds, has been able to review and model best routes, which has resulted in better use of its fleet and lower capital expenditures, according to Salter.

“Our software enables precise planning of delivery routes and vehicle use across all of the depots that serve Asda’s nationwide stores, which serve more than 18 million customers in store every week,” says Salter. “As a result, food miles and carbon emissions are reduced through improved use of its fleet of tractor units and trailer units.”

Meanwhile, in the United States, Ballston Spa, N.Y.-based regional convenience store operator Stewart’s Shops has adopted Paragon’s routing and scheduling software to automate the manual process of planning deliveries to its retail outlets, which should ultimately lower mileage, reduce fuel usage and improve truckload efficiencies, observes Salter.

“With growing demand from consumers for fresh food, the greatest logistics challenge for our grocery customers is ensuring that fresh food is available in store as quickly as possible after leaving the field, with the least amount of handling and at the lowest possible cost,” he notes.

“Moving products quickly and efficiently through the supply chain not only ensures that customer demand for fresh food is met, but also increases the length of on-shelf time before use-by and best-before dates expire,” he adds. “This helps keep the customer happy, boosts sales and minimizes the amount of food waste or stock returned to producers.”

Aside from technology, some of the commonsense solutions adopted by the industry include using the same container all the way from the point of packing at the farm or producer to the delivery journey and into the supermarket aisles, observes Salter, who adds, “Standardizing containers also allows vehicles to be better utilized, because transportation planners can better understand what will fit in each truck based on accurate volumetric data.”

However, the advantages that technology brings to the table are unparalleled, he maintains: “Using a system like Paragon’s routing and scheduling software allows transportation planners to manage wide-ranging criteria. This includes restrictions on vehicle types and delivery times, time required for loading and unloading, and preferred delivery times for different types of food.”

Salter continues: “When supermarkets succeed in streamlining their delivery process, logistics costs are kept to a minimum, farmers have a lower return rate, and customers get the freshest food possible. It’s a win-win for everybody.” **PG**

Locally sourced products are an increasingly big draw for supermarkets, with sales growing from \$5 billion to \$12 billion between 2005 and 2014 and expected to hit \$20 billion by 2019, according to Rockville, Md.-based Packaged Facts. Creating and managing relationships — especially the deliveries — with local producers can be cumbersome and time-consuming. One of the largest departments for local products is the produce department, and stores and distributors are taking several different paths to make offering these products easier.

One method is to use aggregators, or farmers’ exchanges. The aggregator serves as a central repository for farmers to sell their produce to, and for stores to buy the produce from. Several stores across the country are turning to such businesses to ensure that they always have the items they need in stock and aren’t relying solely on one farmer’s crop to supply their stores. “What we’re trying to do is to introduce as many opportunities and revenue streams as possible for the farmer and for the store,” says Marty Travis, owner of Fairbury, Ill.-based Spence Farm, a food aggregator that supplies Harvest Market, in Champaign, Ill., as well as more than 250 restaurants in Chicago. Harvest Market receives a shipment once a week, and all billing is handled by Spence Farm.

Sourcing and billing are two of the largest pain points for the stores, which is where Forager comes in. The startup, located in Portland, Maine, has built a platform for both sides of the equation: suppliers and grocers. It allows farmers to post what they have for sale, and stores to compare prices, see what’s available, place items they want in shopping carts and make purchases. Forager handles all of the billing and payments, which helps reduce time on the grocer’s end. Portland Food Co-op, which uses the platform, has seen sales of local products increase 11 percent; overall, the store’s local sales have hit 40 percent.

Other stores have turned to hosting farmers’ markets to satisfy their customers’ need for local products. Macey’s, Lin’s, Dan’s, Dick’s Market and Fresh Market in Utah host Eat Fresh, Eat Local farmers’ markets in partnership with 26 local growers. The farmers’ market, which runs from July 10 through the beginning of September, is held on Saturday mornings. Farmview, in Madison, Ga., also hosts a farmers’ market on Saturdays. Brad Kelly, business development and farm operations manager for Farmview, notes that the store was slightly concerned about possible poaching of sales when it started the farmers’ market, as the store itself is focused mainly on sourcing local products. “It’s been a draw,” he says. “If anything, it brings more traffic to the store.” Further, the farmers’-market vendors are typically different from those that supply the store.

No matter how grocers choose to bring local products into the store, there’s no question that local is a draw. “Sixty-four percent of consumers will make a special trip to the store if they know their favorite grocer has local produce in season,” says David Stone, founder of Forager. “That person going to the store to buy asparagus in asparagus season — they’re more

likely to put something in the shopping basket besides just that one item. It’s incumbent upon the grocer to get as much high-quality local produce on the shelves as possible and promote it to the consumer.”

